



JOHN NAIMO
AUDITOR-CONTROLLER

**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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April 7, 2015

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**REQUEST AUTHORIZATION FOR THE AUDITOR-CONTROLLER
TO PLACE PROPERTY ASSESSED CLEAN ENERGY
ASSESSMENTS ON COUNTY TAX ROLLS
ALL DISTRICTS (3-VOTES)**

SUBJECT

Pursuant to Assembly Bill (AB) 811 (2008), a city or county can designate an area where property owners can receive financing for energy efficiency upgrades and renewable energy installations on their private properties by entering into voluntary contractual assessments where the costs for the improvement are paid via their property tax bill.

The California Enterprise Development Authority (CEDA) has created the CEDA Figtree Property Assessment Clean Energy (PACE) Program and has requested the Auditor-Controller (A-C) to place their PACE assessments on the County tax rolls for those residents whose cities within the County have enrolled in the CEDA Figtree PACE Program.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Authorize the A-C to place residential PACE assessments administered by CEDA on the County tax rolls for cities within the County that have entered into a joint powers agreement with CEDA, in compliance with all applicable laws, to enroll in the CEDA Figtree PACE Program.
2. Authorize the A-C to negotiate an agreement on the fees charged to place the PACE assessments on the County tax rolls pursuant to Streets and Highways Code Section 5898.20(b) and any subsequent annual agreement thereafter.

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

20 April 7, 2015


PATRICK O'GAWA
ACTING EXECUTIVE OFFICER

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On May 20, 2014, your Board authorized the A-C to place residential PACE assessments administered by the Western Riverside Council of Governments (WRCOG) on the County tax rolls for cities within the County that have entered into a joint powers agreement with WRCOG, in compliance with all applicable laws, to enroll in the WRCOG residential PACE Program.

CEDA, in partnership with Figtree Financing has created the CEDA Figtree PACE Program within Los Angeles County. Figtree Financing is a private company that offers its Figtree PACE Program to jurisdictions interested in creating PACE Programs. There are currently 13 cities within the County that have opted to join the CEDA Figtree PACE Program. Through the A-C, CEDA has requested the County to execute an agreement governing the placement of PACE assessments for the 13 cities, the collection of the assessments and transmittal of the assessments to CEDA, and reimbursement to the County for expenses to administer the PACE assessments. Under AB 811, the County is authorized to place, collect, and remit these assessments to CEDA.

Streets and Highways Code Section 5898.30 provides that the PACE assessments are collected in the same manner and at the same time as the general taxes of the County on real property. In addition, Streets and Highways Code Section 5898.20(b) authorizes the A-C to negotiate a fee agreement with CEDA for placing the PACE assessments on the County tax rolls. Approval of this request also provides authorization to accept the placement of the PACE assessments on the County tax rolls for the cities in the County that have joined the CEDA Figtree PACE Program.

Implementation of Strategic Plan Goals

This action supports Goal 1, Operational Effectiveness, by providing a program that promotes energy efficiency and conservation, and enhances health and sustainable practices in the County.

FISCAL IMPACT/FINANCING

The County's cost to administer the CEDA PACE assessments will be fully reimbursed under a fee agreement with CEDA.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Potential Federal Housing and Finance Agency (FHFA) Risk

In their March 3, 2015 memo to your Board, the Internal Services Department and the Treasurer and Tax Collector explained concerns raised by the FHFA and provided a status on the County's Judicial Validation proceeding of the PACE program, which may be completed by April 2015. Despite the FHFA concerns, several non-County related PACE

programs, such as the CEDA Figtree Pace Program are moving forward with their programs and requesting the County to place and collect PACE assessments on the County tax rolls.

Streets and Highways Code Section 5898.20 (a)(1) and (2) authorizes a legislative body of any public agency (e.g., county and city) to designate an area which authorizes the public agency officials and property owners to enter into voluntary contractual assessments (i.e., PACE) to finance the installation of distributed generation renewable energy sources or energy or water efficiency improvements that are permanently fixed to real property.

Streets and Highways Code Section 5898.20 (b) further provides that the legislative body must adopt a resolution that includes describing the proposed arrangements for financing the program, including a description of criteria for determining the creditworthiness of a property owner, and holding a public hearing. In addition, the resolution directs the public agency official to negotiate with the County A-C in order to reach an agreement on what additional fees, if any, will be charged to the County for incorporating the PACE assessments. So far, 13 cities within the County have joined the CEDA Figtree PACE Program by adopting the appropriate resolutions.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

There is no impact on current County services or projects.

Respectfully submitted,



JOHN NAIMO
Auditor-Controller

JN:AB:SJL

- c: Sachi A. Hamai, Interim Chief Executive Officer
- Mark J. Saladino, County Counsel
- Joseph Kelly, Treasurer and Tax Collector
- Patrick Ogawa, Acting Executive Officer, Board of Supervisors
- Dave Chittenden, Chief Deputy Director, Internal Services Department
- Public Information Office